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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[√] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

For quarterly period ended **MARCH 31, 1992**

Commission File Number 0-10955

PROCESSED BY
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CODA ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	75-1842480
(State of incorporation)	(IRS Employer Identification No.)

9400 N. Central Expressway, Suite 500, Dallas, Texas 75231
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (214) 692-1800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject filing requirements for the past 90 days.

_√_ Yes ____ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common Stock, $.02 Par Value	8,617,231 Shares Outstanding at April 30, 1992

PART I - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

CODA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS
(IN THOUSANDS)

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,800	$ 1,881
Accounts receivable - less allowance for doubtful accounts of $199 and $195 at March 31, 1992, and December 31, 1991, respectively	2,930	4,073
Other current assets and deferred charges	777	912
	5,507	6,866
OIL AND GAS PROPERTIES (FULL COST ACCOUNTING METHOD)	47,006	46,776
Less accumulated depletion, depreciation and amortization	10,013	8,817
	36,993	37,959
OTHER PROPERTIES, net of accumulated depreciation of $250 and $223 at March 31, 1992, and December 31, 1991, respectively	796	765
OTHER ASSETS	273	271
	$43,569	$45,861

See Notes to Consolidated Financial Statements

CODA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 1,386	$ 1,748
Accounts payable and accrued interest	3,266	4,198
	4,652	5,946
LONG-TERM DEBT - Less current maturities	17,377	18,591
SENIOR SUBORDINATED DEBENTURES, net of unamortized discount of $237 and $240 at March 31, 1992, and December 31, 1991, respectively	916	913
COMMITMENTS AND CONTINGENT LIABILITIES		
SHAREHOLDERS' EQUITY:		
Common Stock, 20,000,000 shares of $.02 par value authorized; 9,137,487 and 9,134,365 shares issued at March 31, 1992, and December 31, 1991, respectively	183	183
Additional paid-in capital	20,403	20,324
Retained earnings, net of $39,663 eliminated June 30, 1989, in connection with quasi-reorganization	1,019	885
Treasury stock, at cost, 524,057 shares	(981)	(981)
	20,624	20,411
	$43,569	$48,561

See Notes to Consolidated Financial Statements

CODA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended March 31,	
	1992	1991
REVENUES:		
Oil and gas sales	$4,158	$2,638
Gas marketing sales	1,356	1,111
Other income	72	222
	5,586	3,971
COSTS AND EXPENSES:		
Oil and gas production	1,973	1,165
Gas marketing purchases	1,265	1,073
Depletion, depreciation and amortization	1,225	975
General administrative	519	583
Interest	401	403
	5,383	4,199
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	203	(228)
INCOME TAX EXPENSE	69	—
NET INCOME (LOSS)	$ 134	$ (228)
NET INCOME (LOSS) PER COMMON AND COMMON EQUIVALENT SHARE	$.02	$(.03)
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	8,613	8,978

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	Three Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 134	$ (228)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depletion, depreciation and amortization	1,225	975
Loss on oil futures contracts	—	493
Other non-cash items	73	(10)
Effect of changes in:		
Accounts receivable	1,143	690
Other current assets	(32)	(130)
Accounts payable and accrued interest	(934)	(857)
Net cash provided by operating activities	1,609	933
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to oil and gas properties	(370)	(3,231)
Proceeds from sale of assets	140	462
Investment in oil futures contracts	—	250
Investment in securities	(146)	—
Deposit refund	324	—
Notes receivable payments received	—	103
Other property additions	(60)	(36)
Other	15	(32)
Net cash used by investing activities	(97)	(2,484)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank borrowings	400	—
Repayment of debt	(1,976)	(1,910)
Repurchase of common stock	—	(679)
Retire senior subordinated debentures	—	(123)
Other	(17)	—
Net cash used by financing activities	(1,593)	(2,712)
DECREASE IN CASH	(81)	(4,263)
CASH AT BEGINNING OF PERIOD	1,881	8,747
CASH AT END OF PERIOD	$ 1,800	$ 4,484
SUPPLEMENTAL CASH FLOW INFORMATION - INTEREST PAID	$348	$349

See Notes to Consolidated Financial Statements.

CODA ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE DATA)

	Common Stock		Additional Paid-In	Retained Deficit Since	Treasury Stock	
	Shares	Amount	Capital	June 30, 1989	Shares	Amount
BALANCES DECEMBER 31, 1991	9,134,365	$183	$20,324	$885	524,057	$981
Shares issued as director compensation	3,122		10			
Utilization of net operating loss carryforward			69			
Net income				134		
BALANCES MARCH 31, 1992	9,137,487	$183	$20,403	$1,019	524,057	$981

CODA ENERGY, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

1. ACCOUNTING AND REPORTING POLICIES

The consolidated financial statements include the accounts of Coda Energy, Inc. ("Coda" or "the Company"), its majority-owned subsidiaries and its pro rata share of the assets, liabilities and operations of oil and gas partnerships and joint ventures. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior years' amounts to conform to the current year presentation.

The accompanying consolidated financial statements, which should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position as of March 31, 1992, and the results of operations and cash flows for the three months ended March 31, 1992, and 1991. The results for the three months ended March 31, 1992, are not necessarily indicative of results for a full year.

As of June 30, 1989, the Company affected a quasi-reorganization resulting in revaluation of certain assets and liabilities. Among other things, the Company eliminated accumulated depletion, depreciation and amortization existing on all properties at June 30, 1989, against the respective asset accounts and transferred the accumulated deficit of $39,563,000 and the cost of the canceled treasury stock to additional paid-in capital.

Fees from overhead charges billed to working interest owners, including the Company, of $335,000 and $267,000 for the three months ended March 31, 1992, and 1991, respectively have been classified as a reduction of general and administrative expenses in the accompanying consolidated statements of operations.

2. LONG-TERM DEBT

In March 1992, NationsBank favorably redetermined the Company's borrowing base. At March 31, 1992, the Company had $18,679,000 outstanding under its term loan and $3,500,000 available for borrowing under its revolving loan facility. The Company plans to use the revolving facility to fund the next phase of its development drilling program.

3. HEDGING OIL AND GAS PRICES

In an effort to reduce the effects of the volatility of the price of crude oil on the Company's operations, management has adopted a policy of hedging its oil and gas prices whenever futures prices are substantially in excess of the prices anticipated in the Company's operating budget and profit plan. The Company has hedged 10,000 barrels of oil per month at $20.66 through May 1992 through the use of a commodity swap with a financial institution. In April 1992, the Company effectively collared its oil prices between $17.00 and $20.50 per

barrel on 40,000 barrels per month from May 1992 through April 1993 by selling call options and buying put options. The Company has hedged its gas price for May 1992 through April 1993 on 120,000 Mcf per month at an average price of $1.50 per Mcf through the use of a commodity swap. The Company has also sold call options on 60,000 Mcf per month of its gas for May 1992 through april 1993. The option price is $1.60 per Mcf. During the three months ended March 31, 1992, the Company produced approximately 54,000 barrels of oil and 290,000 Mcf of gas per month.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

From July 1, 1989, through March 31, 1992, the Company acquired an estimated 12.5 million barrels of oil equivalent ("boe") in proved reserves[1] while producing 2.4 million boe and disposing of an estimated 0.3 million boe during the same period. The Company paid an average of $3.33 per boe for these proved reserves after considering estimated future development costs. As a result of acquisitions and subsequent efforts to increase production from acquired properties, the Company's reserve base, as estimated by independent petroleum engineers, increased from 2.6 million boe at June 30, 1989, to 13.7 million boe at December 31, 1991, after revision of estimated quantities.

During this period, oil and gas net operating revenues increased significantly more rapidly than general and administrative expenses. As a consequence, the Company was able to recognize income from continuing operations in each fiscal year since July 1, 1989, after recording losses from continuing operations in each fiscal year from January 1, 1986, through June 30, 1989.

The Financial Accounting Standards Board adopted Financial Accounting Standard No. 109 "Accounting for Income Taxes" ("FAS 109") which requires the Company to use the liability method in providing for deferred income taxes for its fiscal year ending December 31, 1993. The Company has not yet quantified the impact of FAS 109 or determined at the time of adoption, whether prior years will be restated.

Results of Operations

Comparison of the Three Months Ended March 31, 1992, and 1991 (unaudited)

Oil and gas sales for the quarter ended March 31, 1992, increased $1,520,000 (58%) from the year earlier period, due primarily to a 156% increase in oil production as a result of the acquisition of producing oil and gas properties in the first three quarters of 1991. The increase was partialy offset by a decrease in gas production of 21%. The Company's average gas price decreased from $1.67 in 1991 to $1.38 in 1992. Oil prices, net of hedging gains and losses, increased from $12.35 in 1991 to $18.41 in 1992.

Oil prices during the past two years have remained extremely volatile as a result of both the hostilities in the Middle East and the pricing and production decisions of the Organization of Petroleum Exporting Countries. Oil prices have ranged from $15.25 per barrel in June 1990 to $39.75 per barrel in October 1990 to a price of $18.00 per barrel at March 31, 1992. Gas prices, while not as volatile as oil prices, were at their lowest point in at least ten years during February 1992. During the quarter ended March 31, 1992, 71% of oil and gas revenues were attributable to oil production. The Company expects this level of production and product mix to continue.

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[1] Based on reserve estimates as of the dates of acquisition, not adjusted for subsequent revisions. See Item 1. Business - Oil and Gas Operations - Acquisition of Producing Properties.

In an effort to reduce the effects of the volatility of the price of crude oil on the Company's operations, management has adopted a policy of hedging oil prices whenever prices are substantially in excess of the prices anticipated in the Company's operating budget. The Company has hedged 10,000 barrels of oil per month at $20.66 through May 1992 through the use of a commodity swap with a financial institution. In April 1992, the Company effectively collared its oil prices between $17.00 and $20.50 per barrel on 40,000 barrels per month from May 1992 through April 1993 by selling call options and buying put options. The Company has hedged its gas price for May 1992 through April 1993 on 120,000 Mcf per month at an average price of $1.50 per Mcf through the use of a commodity swap. The Company has also sold call options on 60,000 Mcf per month of its gas for May 1992 through april 1993. The option price is $1.60 per Mcf. During the three months ended March 31, 1992, the Company produced approximately 54,000 barrels of oil and 290,000 Mcf of gas per month.

In July 1990, the Company formed a wholly owned subsidiary (now Alliance Natural Gas, Inc.), to market the Company's crude oil and natural gas as well as gas owned by unrelated third parties. Alliance owns and operates the gas plant acquired in connection with the Electra Acquisition. Future plans for Alliance may include the ownership and operation of additional gas pipelines, plants or gathering systems. Gas marketing gross profit increased from $38,000 for the quarter ended March 31, 1991, to $91,000 for the same period in 1992 (139%). The increase in gas marketing sales, purchases and gross profit reflects increasing marketing volumes and gas plant operations that began in July 1991. To date the results of operations from the activities of Alliance have not been material. However, Alliance's gas marketing activities have resulted in a substantial increase in consolidated gross revenues.

Other income for the three months ended March 31, 1992, decreased $150,000 (68%) from the year earlier period due primarily to a decrease in interest income. Interest income has decreased as a result of utilizing cash to acquire oil and gas properties resulting in lower cash balances to invest.

Oil and gas production expenses (including production taxes) for the three months ended March 31, 1992, increased approximately $808,000 (69%) from the year earlier period reflecting the effects of the increased production from the properties acquired during 1991. Oil and gas production expenses per boe have increased from $4.67 for the three months ended March 31, 1991, to $6.39 per boe in 1992. The increase reflects the relatively higher cost involved to operate the waterflood properties acquired at Burkburnett and Electra during 1991. The Company expects these increased levels of production expenses to continue.

Depletion, depreciation and amortization expense for the three months ended March 31, 1992, increased 26% from the year earlier period reflecting the increases in production from the acquisitions during 1991.

General and administrative expenses for the three months ended March 31, 1992, decreased $64,000 from the year earlier period primarily as a result of an increase in overhead charges billed to working interest owners, partially offset by increases in payroll and insurance. At March 31, 1992, the Company's staff numbered 31 full-time employees. Management does not anticipate a significant change in either staff levels or general and administrative expenses absent any significant acquisition of additional of oil and gas properties.

Interest expense for the three months ended March 31, 1992, increased $2,000 from the year earlier period reflecting the effects of the addition of indebtedness incurred to finance oil and gas property acquisitions, mostly offset by the reduction in the prime rate.

Net income for the three months ended March 31, 1992, increased $431,000 from the same period in 1991. The Company's net from oil and gas operations increased reflecting the net effect of increased production as a result of oil and gas property acquisitions.

Recent Property Sales

During the three months ended March 31, 1992, the Company sold approximately 19 of its lower value oil and gas properties in several states for a total of $140,000. The Company had operated, and received operating fees with respect to approximately 14 of the wells sold. The sale of these properties is not expected to materially affect the Company's results of operations.

Liquidity and Capital Resources

NationsBank Credit Agreement

In December 1989, the Company refinanced all of its existing bank indebtedness under a new Credit Agreement with NCNB Texas National Bank (now known as NationsBank of Texas N.A., "NationsBank"). The Company's borrowing base at May 1, 1992, under the term facility of its Credit Agreement equaled the total outstanding thereunder of $18,699,000. This facility can be increased, in NationsBank's sole discretion, to as much as $45,000,000. Subject to borrowing base limitations, $5,000,000 may be borrowed under a revolving facility. At May 1, 1992, $3,500,000 was available to be borrowed under the revolving facility. The Credit Agreement allows additional advances to be made at the discretion of NationsBank after its evaluation of the Company's oil and gas properties from time to time. Advances under either facility bear interest at NationsBank's prime rate plus 1/2%.

The Credit Agreement currently requires 75% of net operating revenues from the collateral be dedicated to loan service. Both dedication percentage and borrowing bases may be redetermined by NationsBank semi-annually. Any reduction in borrowing bases below the outstanding loan amounts must be made up, at the Company's option, either by the pledge of adequate additional oil and gas collateral (the Company does not currently have any substantial unpledged properties) or by mandatory reductions of the loan balances over a period of not more than six months. The Credit Agreement matures May 31, 1994. The Company believes that the dedicated operating revenues from the collateral will be adequate to fully repay this loan at maturity.

In March 1992, NationsBank favorably redetermined the Company's borrowing base. At March 31, the Company had $18,679,000 outstanding under its term loan and $3,500,000 available for borrowing under its revolving loan facility. The Company plans to use the revolving facility to fund the next phase of its development drilling program. The Company's next borrowing base redetermination is scheduled for October 1992. The Company will seek additional borrowing at that time based on the increased collateral values anticipated to result

from the development drilling. However, there is no assurance that the development program will result in increased collateral values or that such values will enable the Company to borrow the funds needed to continue the program.

The Credit Agreement contains a number of covenants affecting the Company's liquidity and capital resources, including restrictions on the Company's ability to incur indebtedness or pledge assets outside of the loan facility, as well as the Company's ability to issue securities bearing fixed or variable payment obligations, and, in certain circumstances, restricts the payment of dividends on the Company's capital stock.

Anticipated Capital Spending

The Company has development drilling programs designed for the Burkburnett, McElroy and Electra properties acquired during 1991 at total projected costs of approximately $2.75 million, $3.25 million and $3.0 million, respectively. The properties will be developed in phases as funding becomes available. The next phase will entail spending $3.5 million to be allocated among the three projects. In addition, the Company is continuing to evaluate oil and gas properties for future acquisition.

Capital Resources

At March 31, 1992, the Company had cash and cash equivalents aggregating approximately $1,800,000 and working capital of $855,000.

The Company also is soliciting bids for selected portions of its existing oil and gas properties which it believes no longer fit into its long-range business plan. No substantial sales of properties, however, are currently under consideration. In addition, the Company is actively seeking additional funding sources (e.g. partnership investment, joint venture partners or equity capital) to support an aggressive reserve acquisition program, in light of the opportunities it believes are now available in the industry.

The Company has two principal operating sources of cash: (i) the portion of the net operating revenues from its oil and gas properties not dedicated to repayment of advances under the Credit Agreement, currently 25% of such revenues, and (ii) the fees charged for acting as operator of the wells in which it owns a working interest. The Company estimates that during 1992, assuming no acquisitions or dispositions, it will receive, on average, at least $200,000 per month from its 25% of net oil and gas revenue. The Company also estimates that it will generate approximately $110,000 per month in fees for acting as operator.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) Exhibits

11. Computation of per share data

(B) Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CODA ENERGY, INC.
(Registrant)

By: _____
T. W. Eubank
President

Date: May 13, 1992

EXHIBIT 11

CODA ENERGY, INC.
COMPUTATION OF PER SHARE DATA
(UNAUDITED)
(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)

	Three Months Ended March 31,	
	1992	1991
NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE:		
Net income (loss)	$134	$ (228)
Preferred stock dividend requirements	—	—
Adjusted net income (loss)	$134	$ (228)
Weighted average number of common and common equivalent shares outstanding	8,621,915	8,978,109
Net income (loss) per share	$.0156	$(.0254)
COMPUTATION OF WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (DAILY BASIS):		
Weighted average number of common shares outstanding during period	8,612,915	8,978,109
Weighted average number of common stock equivalents prior to exercise and outstanding at end of period:	—	—
	8,612,915	8,978,109